

## Message Text

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43

ACTION EUR-12

INFO OCT-01 NEA-06 ISO-00 SWF-01 AID-05 CEA-01 CIAE-00

COME-00 EB-04 FRB-01 INR-05 NSAE-00 RSC-01 CIEP-01

SP-02 STR-01 TRSE-00 LAB-01 SIL-01 SAM-01 OMB-01 AF-04

AGR-05 SS-15 NSC-05 L-02 PA-01 PRS-01 USIA-06 FEAE-00

TAR-01 /085 W

----- 037007

R 081218Z NOV 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7751

INFO ALL EC CAPITALS 07

AMEMBASSY RABAT

AMEMBASSY TUNIS

USINT ALGIERS

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E.O. 11652: NA

TAGS: ETRD, EEC, TS

SUBJECT: EC/MEDITERRANEAN NEGOTIATIONS--TUNISIA

REF: A) EC BRUSSEL 8467

B) EC A-290, SEPTEMBER 23, 1974.

1. SUMMARY: THE LATEST ROUND OF TALKS BETWEEN THE EC AND TUNISIA UNDER THE AEGIS OF THE EC'S "GLOBAL" MEDITERRANEAN POLICY TOOK PLACE ON OCT 29-30. CERTAIN ISSUES REMAIN UNRESOLVED BUT AGREEMENT IS NEAR AND A WORKING GROUP HAS BEEN ASKED TO PREPARE A DRAFT AGREEMENT TO BE CONSIDERED AT THE NEXT ROUND OF TALKS EXPECTED IN EARLY DECEMBER. END SUMMARY.

2. NON-AGRICULTURAL TRADE REGIME: THE COMMISSION'S OFFER PROVIDES FOR DUTY-FREE ACCESS TO THE EC, WITH-  
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OUT QUANTITATIVE CEILINGS, FOR ALL TUNISIAN NON-AGRICULTURAL

PRODUCTS EXCEPT MANUFACTURED CORK PRODUCTS AND REFINED PETROLEUM PRODUCTS. A SOURCE IN THE UK PERM DEL SAID THAT THE TUNISIANS WERE NOT IN FAVOR OF GRANTING REVERSE PREFERENCE TO THE EC AT THIS TIME. THE TUNISIANS CITED THEIR CURRENT BALANCE OF PAYMENT PROBLEM AND IN PARTICULAR THEIR TRADE DEFICIT WITH THE COMMUNITY. THEY ALSO SAID THEY WERE BOUND BY THE DECLARATION OF THE ORGANIZATION OF AFRICAN UNITY OPPOSING THE GRANTING OF REVERSE PREFERENCES. IT WAS EVIDENT TO OUR UK SOURCE THE THE THREE MAGHREB COUNTRIES HAVE CONSULTED ON THIS ISSUE AND AT LEAST FOR THE PRESENT INTEND TO BE GUIDED BY DEVELOPMENTS IN THE EC/ACP RECIPROCITY ARRANGEMENT.

3. REFINED PETROLEUM PRODUCTS: THESE PRODUCTS WILL ENTER THE EC DUTY FREE UP TO A CEILING OF 175,000 TONS P.A. THIS CEILING WILL BE INCREASED IN 5 PERCENT ANNUAL INCREMENTS FROM THE SECOND YEAR OF APPLICATION OF THE ACCORD UNTIL DECEMBER 31, 1979, WHEN THE CEILING FOR TUNISIA ARE SCHEDULED TO BE REMOVED. IN ADDITION THERE IS PROVISION FOR A REVISION OF THE CEILING IN 1976 IF DEVELOPMENTS IN TUNISIAN REFINING CAPACITY WARRANT IT. (A COMMISSION SOURCE INVOLVED IN THE RECENT TUNISIAN TALKS TELLS US THAT TUNISIA EXPECTS TO HAVE NEW REFINING CAPACITY OF APPROXIMATELY 4 MILLION TONS ON STREAM IN 1976.)

4. CURRENTLY TUNISIAN EXPORTS OF REFINED PETROLEUM PRODUCTS ENTER THE COMMUNITY DUTY FREE EITHER UNDER INDEFINITE DUTY SUSPENSION OR UNDER THE GSP. HOWEVER, THE GSP CONTAINS AN OVERALL CEILING (PLAFOND) TOGETHER WITH A PER COUNTRY LIMIT (BUTIOR), WHICH PROVIDES THAT NO ONE SUPPLIER EXCEED 20 PERCENT OF THE OVERALL CEILING. THE COMMUNITY IS OFFERING TUNISIA, IN THE CONTEXT OF PROPOSED EC/TUNISIAN ASSOCIATION, A CEILING SPECIALLY RESERVED FOR IMPORTS OF TUNISIAN REFINED PRODUCTS. THUS IF THE LIMITS ON DUTY FREE IMPORTS UNDER THE GSP SYSTEM ARE FILLED BY OTHER SUPPLIERS TUNISIA WOULD STILL HAVE A PRIVILEGED POSITION RESERVED TO ITSELF. OUR COMMISSION SOURCE INDICATES THAT UNDER THE PROPOSAL, TUNISIA WILL ENJOY UNLIMITED ACCESS FOR ITS REFINED PETROLEUM PRODUCTS EXPORTS AFTER DECEMBER 31, 1979, FOR AN INDEFINITE PERIOD.

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5. A CLAUSE IS ALSO BEING CONSIDERED WHICH WOULD PROVIDE THAT DURING THE PERIOD IN WHICH CEILINGS ARE IN EFFECT (I.E. UNTIL DEC 31, 1979) THE COMMUNITY WOULD NOT AUTOMATICALLY APPLY DUTIES TO OVER-QUOTA SHIPMENTS OF REFINED PRODUCTS PROVIDED THERE IS NO REDUCTION IN THE QUANTITY OF CRUDE OIL SHIPPED TO EUROPE. THIS CLAUSE HAS BEEN PREPARED MAINLY FOR

APPLICATION IN THE EC-ALGERIAN CONTEXT AND IS REPORTEDLY NOT POPULAR WITH THE TUNISIAN NEGOTIATORS.

6. AGRICULTURAL PRODUCTS: TUNISIA IS ASKING FOR SOME FURTHER IMPROVEMENT IN THE EC'S AGRICULTURAL PRODUCTS OFFER (REFAIR). IN PARTICULAR, TUNISIA WANTS IDENTICAL TREATMENT FOR WINE AS IS BEING OFFERED ALGERIA (I.E. AN 80 PERCENT TARIFF CUT INSTEAD OF 75 PERCENT) AND SPECIAL MEASURES FOR QUALITY WINES AND WINES INTENDED FOR INDUSTRIAL PROCESSING.

7. FINANCIAL COOPERATION: THE EC OFFER TOTALS 95 MILLION UNITS OF ACCOUNT (UA) (APPROXIMATELY \$115 MILLION) OVER FIVE YEARS OF WHICH 41 MILLION UA WOULD BE EUROPEAN INVESTMENT BANK LOANS, 15 MILLION UA IN GRANTS AND 39 MILLION UA IN LOANS ON SPECIAL CONCESSIONARY CONDITIONS. THE TUNISIANS REPORTEDLY DID NOT PRESS FOR AN INCREASE IN THE OVERALL AMOUNT OF THE FINANCIAL COOPERATION PACKAGE REALIZING IT REPRESENTS THE EC'S BEST EFFORT IN THE PRESENT CIRCUMSTANCES. BUT EIB LOANS (COMMERCIAL RATES) ARE NOT PARTICULARLY ATTRACTIVE TO A DEVELOPING COUNTRY AND TUNISIA IS EXPECTED TO PRESS FOR AN IMPROVEMENT IN THE CONDITIONS OF SUCH A LOAN.

8. MIGRANT LABOR: THE EC OFFER CONSISTS OF THE FREE TRANSFER OF OLD-AGE, DEATH AND INVALID PENSIONS AND ALLOWANCES, TOGETHER WITH THE PAYMENT OF FAMILY ALLOWANCES FOR MEMBERS OF THE FAMILY, LIVING IN TUNISIA, OF A WORKER WHO LIVES IN THE COMMUNITY. TUNISIA IS ASKING FOR VARIOUS ADDITIONAL TECHNICAL IMPROVEMENTS IN THE TRANSFER OF SOCIAL LIMITED OFFICIAL USE

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SECURITY ALLOWANCES.GREENWLAD

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## Message Attributes

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